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December 14, 1992

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

By Hand Delivery
Ms. Donna R. Searcy
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 92-77
In the Matter of Billed Preference for 0+ InterLATA Calls

Dear Ms. Searcy:

Transmitted herewith for filing on behalf of PhoneTel Technologies, Inc. are an original and five copies of its supplemental comments on the Commission's CIID card proposal to establish a system of compensation for the transfer of 0+ calling card calls. If there are any questions, please communicate directly with the undersigned.

Sincerely,

Mitchell F. Brecher
Counsel for PhoneTel Technologies, Inc.

Enclosure

cc: All parties of record

0+75

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Billed Party Preference for 0+ InterLATA Calls	)	CC Docket No. 92-77 Phase I

SUPPLEMENTAL COMMENTS OF PHONETEL TECHNOLOGIES, INC.

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December 14, 1992

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SUMMARY

PhoneTel Technologies, Inc. ("PhoneTel") is an interexchange carrier whose offerings include operator-assisted services from public telephones. PhoneTel supports the Commission's proposal for a system of compensation to be paid by issuers of proprietary calling cards usable on a 0+ dialing basis (e.g., cards issued in the CIID format) to those carriers which receive calls to be charged to those cards but which are unable to validate the card numbers and complete the calls. The need for such a compensation system would not have been necessary had the Commission adopted its proposal to implement a "0+ Public Domain" policy.

When a carrier receives nonverifiable, noncompletable CIID card calls from a phone where it is the presubscribed carrier, it incurs costs in handling those calls and in arranging for the caller to be able to use the services of the card-issuing carrier -- AT&T. There are several ways for a carrier to transfer a CIID card call. No matter which transfer method is selected, three critical factors will exist:

1. The presubscribed IXC will have incurred costs;

2. The presubscribed IXC will have performed a service; and

3. The card-issuing IXC will have received an economic benefit.

Accordingly, PhoneTel believes that the transferor IXC should be entitled to compensation for all CIID card calls which it handles, irrespective of the transfer method used by it.

The underlying goal of any 0+ call transfer compensation system should be to make the transferor carrier whole. The IXC receiving the unwanted CIID card call should be able to recover from the card-issuing IXC all costs incurred by it in handling the call. These costs will vary depending upon the transfer method used, but will include such items as access

charges, interexchange transmission and switching costs, validation fees, operator (labor and equipment) costs and some portion of general and administrative expenses.

PhoneTel transfers calls to AT&T by means of dialing instructions. It has found that method to be the most efficient and most consumer friendly. Other carriers may prefer to use such transfer methods as routing to the card-issuing IXC (sometimes called "splashing") or reoriginating the call to the originating local exchange carrier. The dialing instruction method is ubiquitously available, it never results in call splashing in violation of Section 226(b)(1)(H) of the Communications Act, it does not depend on the capabilities of the transferee IXC or on the ability of the originating telephone equipment.

Because 0+ call transfer is a communications common carrier service, it should be offered pursuant to tariff. Although the Communications Act contemplates intercarrier contracts in lieu of tariffs, contracts would not be appropriate for 0+ call transfer. Intercarrier agreements depend upon the willingness of the carriers to negotiate in good faith. Given AT&T's previous unwillingness to work cooperatively with its competitors, it is unlikely that such agreements could be negotiated. Thus each carrier offering 0+ call transfer service should be allowed to file tariffs along with cost support information demonstrating the costs incurred by it in transferring 0+ CIID card calls.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Billed Party Preference for 0+ InterLATA Calls	)	CC Docket No. 92-77 Phase I

SUPPLEMENTAL COMMENTS OF
PHONETEL TECHNOLOGIES, INC.

PhoneTel Technologies, Inc. by its attorneys, hereby submits its supplemental comments in this proceeding. Specifically, these comments are directed to the Commission's proposal that interexchange carriers ("IXCs") offering operator-assisted services should be compensated by issuers of proprietary IXC calling cards to offset the costs incurred by them as a result of 0+ calls being routed to those IXCs when the calls are to be charged to the card issuing carrier's proprietary calling cards. In such circumstances, the IXCs receiving the 0+ calls are unable to complete those calls because the card-issuing IXC denies most of its competitors access to the data base used to validate those calling card numbers. PhoneTel supports the notion of compensation proposed by the Commission and urges its prompt adoption.

INTRODUCTION

On November 6, 1992, the Commission released its report and order and request for supplemental comments in this proceeding.[1] In that Report and Order, the Commission refused to adopt a series of proposals for alleviating some of the consumer inconveniences

1 Billed Party Preference for 0+ InterLATA Calls (Report and Order and Request for Supplemental Comment), FCC 92-465, released November 6, 1992 (hereinafter, "Report and Order").

and competitive inequities that had arisen as the result of the recent proliferation of calling cards issued by the dominant operator service provider -- AT&T -- in the Card Issuer Identifier ("CIID") format. Specifically, the Commission considered, but declined to adopt, a "0+ Public Domain" policy. Under 0+ Public Domain, card-issuing IXCs either would be required to permit calls to be charged to those cards only where the caller accessed the carrier by use of an access code, or the card-issuing carrier would be required to allow all competing carriers to access the card-issuing carrier's validation data base. Instead, the Commission required AT&T -- the only carrier to have issued calling cards in the CIID format and encouraged their use on a 0+ basis from all telephones -- to "educate" its customers to check payphone signage and to provide "clear and accurate" access code dialing instructions on every proprietary calling card issued by it.[2] The Commission declined to adopt a 0+ Public Domain policy despite the uncontroverted evidence before it that widespread use of CIID cards on a 0+ basis from telephones presubscribed to other IXCs had caused and was continuing to cause those IXCs to incur substantial costs on calls that they could not complete and for which there was no opportunity to earn revenues to offset those costs.

Recognizing that AT&T's CIID card issuance and marketing practices combined with that carrier's steadfast refusal to allow other carriers to access its CIID card data base -- except, of course, for those other carriers which AT&T chose to allow to access that data base[3], the Commission has proposed and sought comment on methods for compensating those other IXCs providing operator services who receive 0+ CIID card calls but which are unable to complete those calls.[4]

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2 Report and Order, supra, at para. 57.

3 Despite its refusal to allow most of its competitors to access its CIID card data base, AT&T does permit all local exchange carriers as well as certain selected interexchange carriers (e.g., GTE Airfone and Alascom) to validate CIID cards through access to that data base. See Report and Order, supra, at para. 47, n. 80.

4 Report and Order, supra, at para. 64.

I. COMPENSATION SHOULD BE REQUIRED ON ALL CALLS TRANSFERRED, IRRESPECTIVE HOW THE TRANSFER IS EFFECTUATED

Whenever a caller attempts to place a call on a 0+ basis using a CIID card from a telephone presubscribed to an IXC other than the card issuer, the presubscribed IXC incurs costs. Since the presubscribed IXC is unable to validate the caller's CIID card and is therefore unable to complete the call to be charged to that CIID card, the presubscribed carrier must find a means for the caller to be able to reach the card-issuing IXC so that the call can be completed. There are several ways that such call "transfers" can be accomplished. One such method involves physically routing the call from the presubscribed IXC's operator center to the card-issuing IXC's network. This means of transfer may, depending upon the network capabilities and policies of the transferee IXC, involve the card-issuing IXC billing the call from the point where it received the call rather than from the originating location of the caller. This method is sometimes called "call splashing", and, if done without the consent of the caller, may be violative of Section 226 of the Communications Act."[5] Another method of "transferring" a call from the presubscribed IXC to the card issuing IXC is to have the call transferred to the card-issuing IXC at or near the point of origin. This can be accomplished either by the presubscribed IXC returning the call to the originating local exchange carrier ("LEC") or by the presubscribed IXC instructing the caller to utilize the card-issuing IXC's access code (e.g., "Please hang up and dial 10288"). These methods of transfer at or near the originating location often are called "reorigination."

In most circumstances, reorigination transfer through dialing instruction is preferable to reorigination by returning the call to the originating LEC. An IXC's ability to return a call to the originating LEC without losing the calling party is dependent upon the originating telephone equipment. Many pay telephones, including most public phones provided by LECs are not capable of such call reorigination. In those circumstances, it becomes necessary for

5 Call splashing is discussed at Section V of these supplemental comments.

the presubscribed IXC to instruct the caller to dial the card-issuing IXC's access code in order to reoriginate the call. Even where it is possible for the presubscribed IXC to return the 0+ CIID card call to the originating LEC without losing the connection with the calling party, that method involves inefficient backhauling and wastefully ties up the interexchange network facilities of the presubscribed IXC.

Irrespective which method of transfer is used, three critical factors will be present in any such call transfer:

1. The presubscribed IXC will have incurred costs;
2. The presubscribed IXC will have performed a service;

   and

3. The card-issuing IXC will have received an economic benefit.

In light of these three unassailable factors, the public interest compels that there be a means for cost-based compensation to be paid by the entity receiving the benefit (i.e., the card-issuing IXC) to the entity incurring the costs and providing the benefit (i.e., the presubscribed IXC). As explained below, the measure of compensation might vary depending upon the transfer method used, but the entitlement to receive compensation and the corresponding obligation to pay compensation should not depend upon the transfer methods utilized.

II. THE LEVEL OF COMPENSATION SHOULD REFLECT ALL TRANSFER COSTS INCURRED BY THE PRESUBSCRIBED IXC, REGARDLESS WHICH MEANS OF TRANSFER IS USED

Where a presubscribed IXC receives at its operator center a call that the caller wishes to charge to an AT&T-issued CIID card, the presubscribed IXC may choose to arrange for the call to be routed to the card-issuing IXC. If that occurs, the end-to-end telephone call will consist of several legs and will make use of several carriers' (LECs' as well as IXCs') networks. To understand how such routing might occur, consider the following example: A

caller attempts to place a CIID card call from a telephone in Washington, D.C. presubscribed to PhoneTel. The caller dials 0+, the called area code and telephone number (e.g., a terminating location in New York City). The call is routed over PhoneTel's interexchange network to its operator center at Cleveland, Ohio. PhoneTel's switch emits a bong tone and the caller punches in his AT&T CIID card number. PhoneTel attempts to validate that card number but, of course, can not do so since it will be denied access to that "proprietary" data base. At that point, PhoneTel could arrange for the call to be transferred to AT&T at the AT&T network location closest to PhoneTel's Cleveland location. The caller would then receive the AT&T bong tone and would again punch in its CIID card number. Assuming that the card number is validated, AT&T could then complete the call to the New York terminating location. Throughout the duration of that call, PhoneTel interexchange network facilities between Washington, D.C. and Cleveland would be in use. PhoneTel would also be using originating exchange access service of the Chesapeake & Potomac Telephone Company and terminating access service of Ohio Bell. It would also use Ohio Bell access service to route the call to AT&T's point of presence in Cleveland. AT&T network facilities between Cleveland and New York also would be in use, and AT&T would be using originating access service of Ohio Bell and terminating access service of New York Telephone Company.

In the above hypothetical situation, PhoneTel -- the transferor IXC -- would incur access charges from two LECs plus its own interexchange transmission and switching as well as operator costs. AT&T -- the transferee IXC -- also would incur interexchange transmission and switching costs, operator costs plus the access charges of two LECs. Even though both IXCs would incur two sets of access charges, interexchange costs and operator costs, only the "transferee" IXC (i.e., AT&T) would receive revenues for the completed call from the billed party. Compensation from the transferee IXC to the transferor IXC is necessary to remedy this facial inequity.

The compensation should be set a level sufficient to make the transferor IXC "whole." That is, it should cover all costs incurred by the transferor IXC in enabling the transferee IXC to receive, complete and derive revenues for the call. Thus, the compensation level should include the originating and terminating access charges incurred by the transferor IXC as well as the transferor IXC's own interexchange rates (since it is indeed providing interexchange service to the transferee IXC between the originating location and the transferee IXC network location.) In addition, the compensation level should include the transferor IXC's validation costs, as well as its operator costs -- labor and equipment -- to answer the call and arrange for the transfer to the transferee IXC.

Under a reorigination scenario, the amount of compensation might be different, but the principle underlying establishment of an appropriate compensation level, i.e., to make the transferor IXC "whole," would be the same. In that case, the transferor IXC should be entitled to receive from the transferee IXC all costs reasonably expended by it in receiving the 0+ CIID card call (which it does not want to receive but is unable to prevent so long as callers attempt to make CIID card calls on a 0+ basis), plus those costs incurred in enabling the caller to reach the card-issuing transferee IXC. These costs would include originating and terminating access charges, interexchange network costs, validation costs, operator costs, and some component for general and administrative expenses. Since the transferor IXC's interexchange network would be in use only until the caller is routed back to the originating LEC or hangs up and dials the card-issuing IXC's access code, the transferor IXC would not be entitled to compensation for use of its interexchange network for the duration of the call.

III. THE COMMUNICATIONS ACT COMPELS THAT ALL TRANSFER SERVICES BE OFFERED PURSUANT TO TARIFFS

In the Report and Order, the Commission asks whether such transfer compensation should be offered pursuant to tariff, carrier-to-carrier contract or some other compensation

mechanism. Under the Communications Act[6], common carrier communication services must be offered pursuant to tariffs filed with the Commission.[7] The Act further requires that all charges, practices, classifications and regulations for or in connection with such services must be just and reasonable[8], and may not be unreasonably discriminatory.[9] Moreover, as the United States Court of Appeals for the District of Columbia recently held, the Commission has no authority to forbear from requiring all common carriers -- dominant and nondominant -- to comply with the Act's tariff filing obligations.[10]

As noted in the Report and Order, the Commission recently adopted a plan for the non-tariffed compensation of pay telephone owners by IXCs for use of their phones to place dial around access code calls routed to IXCs not presubscribed to their payphones.[11] Whatever the merits of that system as a means to compensate pay phone owners for dial around calling, non-tariffed compensation is not appropriate for the transfer of 0+ CIID card calls by one IXC to another IXC. Payphone dial around compensation is intended to recompense owners of pay telephones for the use of their telephone equipment in order to place telephone calls. There, the compensation is for the use of communications equipment. It is not for the provision of a communications service. In contrast, when an IXC transfers a 0+ call to another IXC, either by splashing the call to the other IXC or by a means of reorigination, it is providing a communication service to the receiving IXC. That service is of benefit to the receiving IXC since it enables the transferee IXC to complete the call and to derive revenues for the call. As a communications common carrier service, it must be offered pursuant to tariff.

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6 47 U.S.C. § 151 et seq. (1991).
7 47 U.S.C. § 203(a) (1991).
8 47 U.S.C. § 201(b) (1991).
9 47 U.S.C. § 202(a) (1991).
10 American Telephone and Telegraph Company v. F.C.C., No. 92-1053 (D.C. Cir. November 13, 1992).
11 Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation (Second Report and Order), 7 FCC Rcd. 3251 (1992).

PhoneTel recognizes that several sections of the Communications Act contemplate that communication services between carriers can be provided by means of carrier-to-carrier contracts.[12] While intercarrier contracts are contemplated by the Act, such agreements are not an appropriate means for governing the compensation for 0+ calls transferred by presubscribed IXCs to card-issuing IXCs. Intercarrier agreements are appropriate where the carriers involved have chosen to do business with each other and to enter into such agreements. Currently, only one IXC -- AT&T -- has issued calling cards in the CIID (or any purportedly "proprietary") format usable on a 0+ basis. Based upon previous experience, it is most unlikely that AT&T would be willing to enter into contractual agreements with its competitors governing call transfer or any other form of joint or cooperative provision of service.[13] Indeed, in this proceeding, AT&T already has indicated to the Commission that it is prepared to require its card holders to dial access codes, if required, rather than to allow its competitors even to access its CIID card data base.[14] Given this history of refusal to enter into any sort of joint or cooperative effort with its competitors, there is no basis upon which the Commission may responsibly conclude that intercarrier agreements governing compensation for transferred 0+ CIID card calls could be voluntarily negotiated between AT&T and competing IXCs.

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12 See, e.g., 47 U.S.C. §§ 211 and 219 (1991).

13 For example, in November 1990, several Bell Operating Companies proposed to implement equal access plans for 1+ coin sent-paid traffic from public phones. Several of those plans would have required IXCs either to carry such coin sent-paid traffic themselves or to enter into subcontractor arrangements with another IXC as a condition to participating in payphone presubscription. In response to those proposals, AT&T -- the only IXC with the ability to carry coin sent-paid traffic from Bell Operating Company public telephones -- indicated that it had no interest in entering into such arrangements with any of its competitors to provide such service. AT&T stated as follows:

> . . . AT&T is not interested into entering into such subcontractor relationships with its competitors and thus is not prepared to negotiate these matters.

Letter to Constance K. Robinson, Esq., Chief, Communications and Finance Section, Antitrust Division, U.S. Department of Justice, from Marc C. Rosenblum, General Attorney, AT&T, dated December 17, 1990.

14 Report and Order, supra, at para. 45.

IV. CALL TRANSFER SERVICES COULD BE PROVIDED IN A MANNER CONSISTENT WITH SECTION 226(b)(1)(H) OF THE ACT

In 1990, Congress enacted the Telephone Operator Consumer Services Improvement Act (TOCSIA).[15] TOCSIA, among other things, prohibits providers of operator service from engaging in call splashing, unless the consumer requests to be transferred to another provider of operator services, the consumer is informed prior to incurring any charges that the rates for the call may not reflect the rates from the actual originating location of the call, and the consumer consents to be so transferred.[16] The Act defines "call splashing" as follows:

> . . . the transfer of a telephone call from one provider of operator services to another such provider in such a manner that the subsequent provider is unable or unwilling to determine the location of the origination of the call and, because of such inability or unwillingness, is prevented from billing the call on the basis of such location.[17]

Significantly, TOCSIA does not prohibit outright all billing of calls from locations other than the originating location (i.e., call splashing). It does, however, prohibit such splashing without the customer's informed consent. Thus, it is possible that calls could be routed by the presubscribed IXC to the card-issuing IXC and completed by the latter IXC without violating TOCSIA, provided that the customer was informed that the call would be billed from the point of transfer and consented to such billing. In reality, many customers will object to such billing. Upon such objection, the transferee IXC must bill the call from the originating location, either by completing the call from the originating location or by arranging for the obtainment of originating location billing information (automatic number identification or "ANI") to be received at the point of transfer.

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15 Pub. Law 101-435, 104 Stat. 987. TOCSIA is codified at Section 226 of the Communications Act, 47 U.S.C. § 226 (1991).

16 47 U.S.C. § 226(b)(1)(H) (1991).

17 47 U.S.C. § 226(a)(3) (1991).

Whether ANI can be provided at the point of transfer will depend upon the ability and willingness of the transferor IXC to deliver that information to the transferee IXC, and upon the ability and willingness of the transferee IXC to receive that information. The ability to read ANI data is dependent upon the capabilities of each IXC's switches. Historically, AT&T has not been willing to accept ANI digits on transferred calls from other IXCs. PhoneTel does not know whether this unwillingness is the result of limitations in AT&T switches or is the result of AT&T corporate policy. Neither is PhoneTel aware of any change by AT&T in this regard.

Because of the inherent difficulties and expense associated with originating location billing of splashed calls and the understandable consumer objection to calls billed from the point of transfer, it is apparent that reorigination rather than splashing is the most efficient and consumer friendly method for transferring 0+ CIID card calls form presubscribed IXCs to AT&T. Whether that reorigination is accomplished by returning the call to the originating LEC's operator center or by the transferor IXC instructing the caller to dial the card-issuing IXC's access code, reorigination will enable AT&T to complete the call and will ensure that the consumer is billed for the transferred call based upon the originating location.

As noted above, reorigination by returning the call to the originating LEC is far less desirable than reorigination by dialing instruction. First, the ability to reoriginate a call through the originating LEC is dependent upon the capabilities of the originating telephone instrument. Most LEC public telephones are not capable of keeping the caller on the line when the call is returned to the LEC by the presubscribed IXC. Therefore, for most operator-assisted calls from public telephones, return to originating LEC reorigination is not an available option. Moreover, in order for a presubscribed IXC to return a 0+ CIID card call to the originating LEC for reorigination, the presubscribed IXC must physically deliver the call to that LEC. As with splashing, this involves use of the IXC's interexchange network as well as originating and terminating access. This will drive up the costs incurred by the

presubscribed IXC and thereby increase the amount of compensation which must be paid by the transferee IXC in order to make the transferor IXC "whole." Accordingly, reorigination by dialing instruction is the most appropriate method for transferring 0+ CIID card calls from the presubscribed IXC to AT&T. By requiring AT&T to compensate the presubscribed IXCs for all calls transferred in that manner, the Commission will ensure that callers will be able to use their CIID cards from public phones presubscribed to other carriers even when they dial those calls on a 0+ basis, and that the presubscribed IXCs will be able to recover their costs in handling those calls and enabling the callers to use AT&T's service if that is the caller's preference.

V. ADDITIONAL QUESTIONS RAISED IN THE REPORT AND ORDER

The Report and Order asks several additional questions of those commenting parties which advocate that the call transfer service be provided pursuant to tariff. As discussed at Section IV, above, PhoneTel believes that the Communications Act requires that such transfer services be offered pursuant to tariff. Thus, it will address below each of those questions raised in the Report and Order.

1. What is the definition of the service to be provided?

The service to be provided is a 0+ proprietary calling card call transfer service. The service is to be provided whenever a 0+ call from a telephone presubscribed to an IXC reaches the IXC's operator center and the IXC is unable to validate the calling party's calling card number because the card number is proprietary to the card-issuing carrier. If the IXC receiving such calls enables the caller to reach the card-issuing IXC in any manner, a call transfer will have occurred and the transferor IXC shall be entitled to cost-based compensation from the transferee (card-issuing) IXC. Such means of transfer may include splashing (in accordance with Section 226 of the Communications Act), reorigination, either

by returning the call to the originating LEC for delivery to the card-issuing IXC, or by the presubscribed IXC instructing the caller how to reach the card-issuing carrier.

2. When would the transfer charges be assessed?

0+ call transfer charges would be assessed at the time that the transfer service is provided, i.e., when a 0+ call reaches the presubscribed IXC's operator center and that IXC enables the caller to reach the card-issuing IXC by any of the foregoing methods. As with most usage-based communications services, the customer (i.e., the card-issuing IXC) would be invoiced monthly.

3. Should OSPs be required to confirm that the call was received by the IXC before the transfer charge is assessed?

No. For all other usage-based communication services, charges are assessed at the time that the service is provided. PhoneTel is not aware of any other interstate common carrier service where the service provider is required to "confirm" that the service has been received before it can be assessed charges. For example, neither AT&T nor any other IXC is required to call a calling or called party to confirm that a call has been completed before it can assess charges for the call. Of course, carriers would be required to maintain records of services provided and to enable their customers to audit the accuracy of bills rendered for such services.

4. How will IXCs subscribe to the service?

IXCs will "subscribe" to the service by using it. As with calling cards themselves, usage would constitute acceptance of the conditions of the service. Once a 0+ CIID card call has reached a non-card-issuing IXC's switch, that IXC has incurred costs and is entitled to compensation by the card-issuing IXC for the transfer of those calls. If a CIID card-issuing IXC wishes to avoid charges for the transfers, it can easily do so by limiting CIID card calling to access code dialing or otherwise preventing those calls from reaching its

competitors' networks. Once the caller has received the information needed to utilize the card-issuing IXC's services, the call transfer service will have been provided and the transferee IXC will be responsible for payment of the tariffed transfer charges. As with terminating access charges, incurrence of call transfer charges would not depend on whether the caller's call was completed. The transferor IXC has incurred the costs resulting from the 0+ calls reaching its network and is entitled to compensation for those calls, irrespective whether the end user's call is eventually completed by the card-issuing carrier.

5. What cost elements would be recovered through the tariffed rate?

As stated earlier in these comments, PhoneTel believes that the underlying principle which should govern 0+ call transfer is that the carrier receiving the uncompletable call to be charged to another carrier's CIID card should be made "whole." In order to implement this principle, the recoverable cost elements should include all costs reasonably expended by the presubscribed IXC as a result of the 0+ CIID card call reaching that carrier, including all costs associated with enabling the call to reach the presubscribed carrier for completion. These costs would vary somewhat depending upon the method of transfer used by the transferring carrier. However, they would include originating and terminating access charges, validation costs, operator service costs (including operator station equipment and labor costs), interexchange transmission costs, switch costs and a reasonable allowance for general and administrative costs since receipt and handling of 0+ CIID card calls have become a significant aspect of each IXC's operations.

6. What type of cost support are the OSPs seeking to provide such service prepared to include in their proposed tariffs?

IXCs offering 0+ call transfer services should be prepared to provide full cost support and economic justification for each rate element they seek to recover in their call transfer tariffs. Virtually all of the recoverable cost elements can be assessed on either a per minute or per call basis. For example, IXCs should be able to demonstrate their per minute access

charges based upon the LEC access services tariffs filed with the Commission. As for use of their own interexchange networks, those costs too should be determinable on a per minute basis in accordance with the tariffs or facilities or service contracts of those IXCs. Validation costs should be identifiable on a per transaction basis based upon the tariffed validation services of the LECs. IXCs seeking to include operator costs, switch costs or general and administrative costs in their 0+ transfer rates should be prepared to demonstrate the totality of those costs (e.g., total operator labor costs (salaries, benefits, etc.) plus equipment costs (allowing for depreciation) divided by the percentage of use of those assets for provision of 0+ transfer service. For example, if twenty percent of the calls handled by an IXC are 0+ transfer calls, then the 0+ transfer rate should include an element based upon twenty percent of the total operator expenses divided by the estimated number of 0+ transfer calls.

CONCLUSION

For all of the reasons set forth in these supplemental comments, PhoneTel Technologies, Inc. respectfully urges the Commission to implement a system of tariffed charges for the transfer of 0+ calls from presubscribed carriers to those carriers that have issued calling cards in a proprietary format like the CIID format. Such compensation is necessary to enable those presubscribed IXCs to recover their costs of handling those calls which reach their networks but which they are unable to complete, including the transfer of those calls -- either by splashing or by reorigination including by dialing instruction -- to the card-issuing IXC for completion.

Respectfully submitted,

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Mitchell F. Brecher

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December 14, 1992

CERTIFICATE OF SERVICE

I, Raina N. Price-Webster, hereby certify that copies of the foregoing Supplemental Comments were mailed, this 14th day of December, via First Class Mail, postage prepaid, to the parties listed on the attached Service List. Copies were hand-delivered to indicated parties (noted with an asterisk *).

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